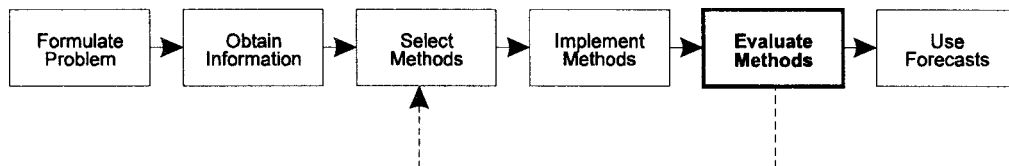

EVALUATING METHODS

*"I don't mean to deny that the evidence is in some ways very strong in favor of your theory.
I only wish to point out that there are other theories possible."*

Sherlock Holmes in the "Adventure of the Norwood Builder"



In evaluating forecasting methods, researchers should follow accepted scientific procedures. Interestingly, much published research on forecasting ignores formal evaluation procedures and simply presents possible but untested approaches. In many cases, evaluation is done, but it tends to be narrow, with the intent of advocating a particular method.

Practitioners charged with important forecasting tasks may want to conduct formal evaluations to determine the most appropriate methods. Knowledge of evalu-

ation procedures could help them to ensure adequate testing of methods.

"Evaluating Forecasting Methods" by J. Scott Armstrong presents principles for examining the assumptions behind a forecasting model and for examining a model's outputs. Some of these principles are surprising, but most are based on standard methodology, such as, using replications to assess reliability, examining all important criteria, and ensuring that error measures are valid. Although most of the principles are standard, forecasters often ignore them.
